ATLANTIC Report

Winter 2007

Vol. 41, No. 4

ATLANTIC PROVINCES ECONOMIC COUNCIL | CONSEIL ÉCONOMIQUE DES PROVINCES DE L'ATLANTIQUE

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About this Report

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Atlantic Report
Highlights

Creating a Single Economy in Atlantic Canada: Will Our Provincial Governments Follow the Western Lead?

- Alberta and British Columbia have taken a significant step towards the creation of a single economy with the establishment of the Trade, Investment and Labour Mobility Agreement (TILMA) last April.
- The goal of TILMA is to establish a single economy in Canada's rapidly expanding western provinces, reducing provincial barriers to investment and labour mobility which could inhibit future growth, and thus creating an economic powerhouse to balance the dominance of Ontario and Quebec.
- Could this encourage other provinces to follow the western lead, opening the door for further economic integration within Canada?
- Provincial governments engage in numerous initiatives to cement the relationship among the four Atlantic provinces. However, the broader challenge of identifying strategic priorities and taking concrete steps to improve internal trade has largely been sidestepped.
- There is a solid record of economic cooperation on many fronts in Atlantic Canada. Regional linkages have grown within the business community as individual firms in separate locations, particularly those in the professional services have joined forces.
- If the establishment of a more open economy in Atlantic Canada is to be successful, the push will need to come from outside government, particularly from the business community.

Atlantic Canada Overview

- Most economic indicators continue to point to sub-national growth in the Atlantic region combined with stronger performance in Western Canada.
- Competitive challenges mean ongoing corporate restructuring and consolidation, particularly within the region's manufacturing sector. By contrast, new company announcements and expansions in financial and business services should provide support for both service exports and service sector jobs over the next couple of years.
- Investment intentions point to growth of 4.5% this year in the value of private and public investment in machinery and equipment in Atlantic Canada. Energy related major project activity is adding to overall investment in construction and machinery and equipment in New Brunswick this year, but a slower pace in this sector is weighing on overall investment growth in Nova Scotia and Newfoundland and Labrador.
- With Atlantic Canada's provincial budgets remaining under pressure, expect little in way of provincial personal or corporate tax reductions. Further restraint on the program side will likely be necessary to accommodate rising health care and pension costs and significant infrastructure needs.

Creating a Single Economy in Atlantic Canada: Will Our Provincial Governments Follow the Western Lead?[i]

by Elizabeth Beale

After two decades where Canada worried mostly about its international trade, in particular its relationship with the US, the spotlight is back on domestic markets. Alberta and British Columbia are on the brink of establishing a new agreement to liberalize trade and investment between the two provinces. This is a significant step and is encouraging other provinces to reexamine the openness of the trading environment within their respective regions.

In this quarterly report, we outline the new initiative underway in western Canada, explore the economic cooperation initiatives underway in this region and ask whether Atlantic Canada is ready to match the challenge set in western Canada.

Alberta and British Columbia have taken a significant step towards the creation of a single economy with the establishment of the Trade, Investment and Labour Mobility Agreement (TILMA) last April. This agreement creates a framework for the elimination of barriers between the two provinces in trade, investment and labour mobility by 2009. Although some sectors are exempted from this agreement (notably energy), this nevertheless represents significant progress in loosening the restrictions on inter-provincial trade, an area in which success in Canada has often been elusive. Could this encourage other provinces to follow the western lead, opening the door for further economic integration within Canada?

So far, Atlantic premiers have shown little enthusiasm for following a similar path. The Council of Atlantic Premiers (CAP) met in December, 2006, its first meeting since TILMA was signed, but the pursuit of an Atlantic version of TILMA was not discussed. CAP is currently exploring the feasibility of harmonizing rules and regulations for small and medium size business, responding to pressure from groups such as the Canadian Federation of Independent Business and the Atlantic Provinces Chamber of Commerce. However, any decision to implement this on

a regional basis would require the support of all Premiers, something that may be difficult to achieve given the preference expressed by some Premiers for retaining provincial rather than regional red-tape reduction initiatives.

The Council of Atlantic Premiers (initially the Council of Maritime Premiers) has provided the umbrella for a range of regional initiatives across the provinces since its inception in 1972. Moderate success has been achieved in select areas such as integrating the delivery of some public services, adopting common procurement protocols and creating common standards in trucking weights and dimensions. At an officials level, provincial governments engage in numerous initiatives to cement the relationship among the four provinces. However, the broader challenge of identifying strategic priorities and taking concrete steps to improve internal trade has largely been sidestepped by the Council. In the past, efforts to bring harmonization of labour codes, minimum wage or industrial benefits to the table have been mostly unsuccessful. Decisions to initiate or implement programs or even to arrange meetings depend on the interests of the Premiers, and domestic (i.e. provincial) agendas frequently derail regional ventures.

Does this mean there is little support for cooperation within Atlantic Canada? On

The British Columbia-Alberta Trade, Investment and Labour Mobility Agreement

A year ago, Alberta and British Columbia signed the Trade, Investment and Labour Mobility Agreement (TILMA). The agreement is due to come into effect in April 2007 with a two-year transitional period to allow provincial departments and agencies to change legislation or take other steps necessary to meet the conditions of the agreement.

The goal of TILMA is to establish a single economy in Canada's rapidly expanding western provinces, reducing provincial barriers to investment and labour mobility which could inhibit future growth, and thus creating an economic powerhouse to balance the dominance of Ontario and Quebec. Currently, BC and Alberta together account for about 25% of Canadian output. It is estimated that the implementation of this agreement could add significantly to the long run economic prospects for both provinces.

Economic cooperation agreements between provinces are certainly not a new phenomenon, as illustrated by the large number of initiatives which are underway in Atlantic Canada alone. (see box) But TILMA represents a significant step up, in terms of the comprehensive nature of the agreement and the commitment to a fixed timetable for implementation. Unlike the Agreement on Internal Trade (AIT), which was ratified by all provinces in 1994 but which has proved to be ineffective in addressing trade barriers in some key sectors, TILMA covers all sectors and barriers unless explicitly excluded, and has a viable enforcement mechanism similar to NAFTA and the WTO. Exclusions cover measures pertaining to some resource industries, water, social policy and aboriginals.

Under TILMA, the two provinces commit to:

- the elimination all barriers that restrict trade, investment and labour mobility;
- non-discrimination against interests in either province;
- full transparency and accountability;
- harmonization or mutual recognition of standards and regulations;
- resolution of disputes in an effective and timely manner.

Some of the key components of TILMA include:

- Businesses will now face a single business registry and multiple licensing requirements will be removed;
- An open procurement process will remove local preference requirements for government contracts above a threshold amount;
- The provinces will no longer offer business subsidies that entice firms to relocate from one province to the other, or engage in bidding wars against each other;
- The mutual recognition of professional or trade credentials will allow labour to move freely across both provinces.

At this early stage, TILMA is being viewed through rose coloured glasses, particularly by those in the business community who have pushed long and hard for the removal of regulatory barriers between provinces. No doubt a more realistic appreciation of TILMA and the efforts that will be required to achieve compliance will come to the surface once implementation is underway. Certainly, it will not be easy to achieve full compliance, given the complex regulatory environment in many areas. Despite these qualifications, it must be recognized that TILMA represents a significant achievement and will hopefully set the stage for a much broader attack on inter-provincial trade barriers across the country in years to come.

the contrary, there is a solid record of economic cooperation on many fronts in Atlantic Canada. Whether drawn together by necessity (i.e. the small population base of the region and individual provinces), proximity, economic circumstances (a similar industrial structure and thus similar challenges across the region), or pushed into it by the need to face a common foe (often the federal government), Atlantic Canadians have been obliged to cooperate. Regional linkages have grown within the business community as individual firms in separate locations, particularly those in the professional services have joined forces. There are now myriad initiatives and institutions that help to support regional agendas in areas such as health, education and business support. That cooperation doesn't always extend evenly across the region: Newfoundland and Labrador's independent status until 1949 plus its geographic distance from the three Maritime provinces gives it a unique perspective on many matters. Nevertheless the formal and informal connections across the region facilitate many mutually beneficial outcomes.

Could the federal government be a partner in encouraging the Atlantic provinces to come to the table on an initiative similar to TILMA? Possibly, although the federal government has played it both ways, at times supporting regional agendas, at other times encouraging dissent. One of the greatest economic benefits to the region arose from the federal push to develop a single value added tax, combining provincial retail sales taxes with the federal GST. The implementation of the Harmonized Sales Tax in Nova Scotia, New Brunswick and Newfoundland and Labrador in 1997,[ii].continues to receive strong support from the business community for its role in reducing compliance costs, removing tax distortions and improving fiscal cooperation.

But regional discord has been fostered by federal action in other areas, notably the negotiation of Offshore Accords with Nova Scotia and Newfoundland and Labrador in the mid 1980's. The two Accords cede federal control to these provinces of the constitutional right to control the development of offshore oil and gas resources. However, the Accords contain provi-

Regional Cooperation within Atlantic Canada

Intergovernmental cooperation in Atlantic Canada occurs at many levels, with agreements to share resources or services in place among municipalities, institutions and provincial governments. At times, these may be restricted to a single agreement among two parties: on other occasions, an umbrella agreement may embrace partnerships within and outside the region.

The Council of Atlantic Premiers (CAP) is the formal mechanism through which cooperation occurs among the four provinces, although in practice, individual departments usually initiate the process. The Atlantic provinces also work together on a number of federal-provincial programs within the region; collaborate to increase the region's clout in negotiations on national initiatives; and team up with neighbouring states and provinces on cross border partnerships such as the Conference of New England Governors and Eastern Canadian Premiers.

In recent years, cooperation among the four Atlantic provinces has been expanding in the fields of education and health, driven in large part by the struggle to come to terms with rapid increases in the cost of delivering these services. The emphasis of regional initiatives has been on reducing overlap, improving the delivery of services through the sharing of best practices, adoption of standard technology and joint resource management.

In education and training, provinces are endeavouring to facilitate the mobility of those in the skilled trades through implementing common curriculum and certification standards. In the K-12 system, regional initiatives are underway on curriculum development, joint purchasing of books and supplies and the development of indicators to evaluate students' progress. For universities, Atlantic initiatives influence research activities and degree program development. Several regional organizations support collaboration including the Council of Atlantic Ministers of Education and Training, the Atlantic Provinces Community Colleges Consortium, the Atlantic Association of Universities and the Maritime Provinces Higher Education Commission.

In healthcare, regional agreements cover the provision of healthcare practitioners, drug care, clinical home care and health information system. Agreements are also in place across provinces to share specialist

sions for provincial industrial benefits exempt from NAFTA, restricting the free flow of goods, services and labour from other provinces for project development, and effectively undermining the efforts to build free trade in the region and in Canada. The oil and gas industry has been vocal in its complaints that rather than facilitating development, the Accords have contributed to a regulatory gridlock for new offshore developments on the east coast. Furthermore, the more recent decision (2005) to provide an offset under the Equalization program so that the two provinces are not penalized for increased offshore revenues, has pitched the interests of the two offshore oil and gas producing provinces against those of the other two Atlantic provinces and exacerbated the divisions on the fiscal imbalance across the country.

If the establishment of a more open economy in Atlantic Canada is to be successful, the push will need to come from outside government, particularly from the business community. For most businesses, the benefits of operating in a larger and more competitive business environment are self evident – facing a single business registry or regulatory regime would reduce their costs and increase the speed of transactions; consolidation in government services would reduce costs and could improve program quality. Yet not all Atlantic Canadians are convinced that the movement to freer trade will work in their favour. After a decade of slow growth and the steady trickle of outmigration, many fear that the continued trend towards free trade will benefit larger provinces and cities, and work to the detriment of smaller provinces and more remote regions. With job losses in resource and many manufacturing industries mounting, Atlantic provincial governments are under continued pressure to adopt protectionist measures. To counter this, the business community will need to create a strong campaign to convince those living in Atlantic Canada that their long term interests lie in following the western lead.■

Elizabeth Beale is President and CEO of the Atlantic Provinces Economic Council

[i] *This article also appeared in Dialogues, Winter 2007, a publication of the Canada West Foundation.*

[ii] *Prince Edward Island elected to stay out of the agreement.*

services: for example, pediatric care in the Maritime provinces is provided through the IWK hospital in Halifax. Provinces also collaborate in terms of joint planning for future health care requirements.

In areas of provincial jurisdiction which have a direct impact on business, progress has been made in areas such as the harmonization of regulations for trucking and the adoption of uniform tendering processes for government contracts, although some local preferences and regulations are still in place across provinces. The provinces have also collaborated on joint trade missions and on initiatives such as the Atlantic Canada Tourism Partnership and the Atlantic Capital Fund.

New initiatives are underway in several areas. The Atlantic Energy Ministers Forum is exploring joint initiatives related to regional transmission systems, energy efficiency and climate change. In immigration, provinces are working together to establish a joint international credential recognition process. Provinces have also recently established a new regional initiative exploring the harmonization of rules and regulations for small and medium size business, designed to identify practical solutions to improve compliance, reduce the paper-work burden and reduce duplication.

Perhaps the most significant outcome for business from regional initiatives has come through the Harmonized Sales Tax (HST), which has been in effect since 1997 for Nova Scotia, New Brunswick and Newfoundland and Labrador. By eliminating the provincial retail sales tax, and thus removing the tax on business inputs, this single value added tax has reduced the tax burden on business and helped to improve competitiveness. Efficiencies have also been gained from lower administration costs for business and government.

Can one conclude that regional cooperation has been effective in improving economic competitiveness or the quality of government services in Atlantic Canada? There have indeed been many successes. However, the provinces have been unwilling to tackle some key roadblocks such as competition among the provinces for business relocation using business subsidies. Too many regional initiatives have met with failure when the interests of one or more province have taken precedence. To move beyond the status quo and create a more open economy in Atlantic Canada, the Atlantic provinces must be willing to tackle the big challenges and jointly commit to the task of adopting and implementing a comprehensive agenda for regional cooperation.

When is free trade not really free trade? – when the product is beer

The controversy over access to Nova Scotia markets for products from the new $37 million Molson brewery in Moncton, due to open in the summer of 2007, provides a classic illustration of how industry specific barriers can impede the flow of trade across provincial boundaries.

In the three Maritime provinces, two breweries, Oland (Labatt), based in Halifax and Moosehead, located in Saint John, have dominated production up until now. Moosehead is an independent Canadian brewer: Moosehead beer has grown to become one of the leading Canadian brands in the US. Labatt and Molson are the major players in the rest of Canada: both companies are now part of international conglomerates.

Beer brewed and sold in the same province is considered "local", and local breweries must make arrangements to distribute and warehouse their product as well as recover empty containers. However, when beer is produced in one province, but sold in another, a cost of service charge is generally imposed by the receiving province's liquor control commission to cover these additional costs. These costs were waived for Oland and Moosehead in Nova Scotia and New Brunswick, the result of a "friendly" agreement made between the two provinces in 1993, following the closure of smaller operations of both breweries in the adjoining provinces.

Molson previously served its Maritime markets from its plants in Ontario and Quebec, or by licensing production to a local brewer. By building its plant in Moncton, Molson had hoped to avoid the cost of service charges in both Nova Scotia and New Brunswick. However, Nova Scotia signaled its intention to apply a cost of service charge of $1.32 per 12-pack for product from Molson's Moncton brewery, arguing that Molson does not qualify for "local brewer status" under the 1993 agreement. More recently, Nova Scotia has indicated a willingness to drop this fee: but in return, they want New Brunswick to reduce the distribution fees imposed on mid-size Nova Scotia brewers who ship to New Brunswick, notably Sleeman which currently operates a plant in Dartmouth, NS. There is no doubt that the fracas surrounding the establishment of Molson's Moncton brewery has been complicated by the estimated $6 million subsidy provided by the province of New Brunswick, something that was strongly opposed by Moosehead.

Service charges are not the only barrier that brewers encounter when selling into another province. Provinces exercise considerable regulatory influence, and liquor control commissions in each province may impose different conditions on licensing, labeling, packaging, volume of shipments and the treatment of kegs. These can add significantly to the cost of the product, particularly in smaller provinces where there may be fewer opportunities to realize the economies of scale associated with larger production units. Many Canadian brewers argue that they have an easier time moving into US markets, where the regulatory framework is less restrictive and market opportunities are greater.

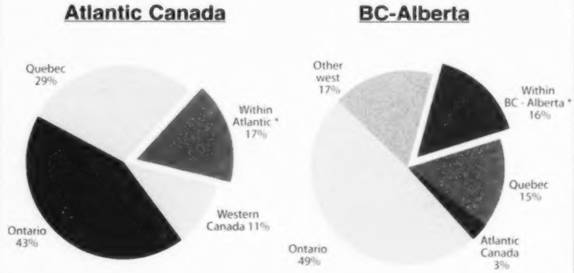
For micro-breweries which ship unpasteurized products, different refrigeration requirements and warehousing costs can also be a key constraint. Nova Scotia and New Brunswick are currently in discussions on how to give better market access to micro-breweries in the two provinces.

These restrictions outline the complexities of securing free trade within Canada, particularly in an industry with a long history of provincial regulation. There is no doubt that the ability to ship beer to markets in other provinces is less restrictive than in the past: brewers for example are no longer required to operate a brewery in each province in which they wish to sell beer. But despite the Agreement on Internal Trade and its provisions for the non-discriminatory treatment of alcoholic beverages, beer products do not flow seamlessly across provincial boundaries. Provinces can still impede the trade in beer products through costs of service and other regulatory requirements. The domination of the two large international companies adds another level of complexity, in terms of their ability to control or heavily influence distribution within each province: in Ontario for example beer distribution through Brewers Retail is directly owned by the major brewers, making it difficult for other brewers to enter the Ontario market. The consequences of all these restrictions are lower productivity (and thus reduced profitability) for brewers and less choice (and increased costs) for consumers.

On a global basis, the rationalization of beer production is occurring at a steady rate as companies seek the economies of scale necessary to compete effectively in global markets. Further deregulation of provincial beer markets is inevitable in the long run, something that Atlantic Canada with its small and aging population (and one would assume an eventual drop in beer consumption) can ill afford to ignore. Removing the restrictions and creating a fair and open market for beer production and distribution within the three Maritime provinces could help local brewers to strengthen their hand in regional markets. It could also help to set in motion a process which must eventually occur in all Canadian provinces.

Two Economic Regions – Comparing Interprovincial Trade Within Atlantic Canada and Between BC and Alberta

Trade Growing Within Both Regions, But Ontario Remains the Dominant Trading Partner
Share of interprovincial trade in goods and services, 2003



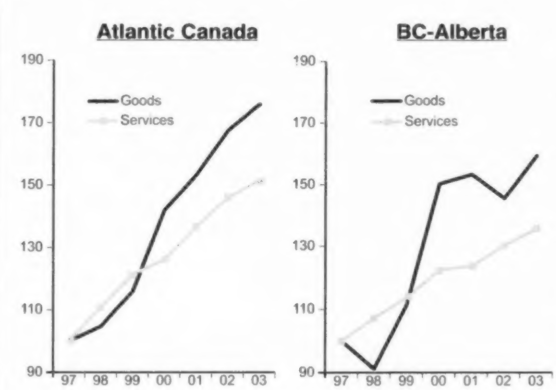
*Excludes intraprovincial trade (within individual provinces)

Source: Statistics Canada/APEC

- The total value of interprovincial trade within Atlantic Canada amounted to $6.5 billion in 2003 ($4.3 billion in goods and $2.2 billion in services). The value of interprovincial trade between BC and Alberta is almost 3 times larger at $18.4 billion ($11.4 billion in goods and $7.0 billion in services). The largest trading bloc within Canada is Ontario-Quebec, where interprovincial trade exceeded $69 billion in 2003.
- Trade between the Atlantic provinces amounts to 17% of Atlantic Canada's total interprovincial trade. At 16%, trade between Alberta and BC accounts for a similar proportion of BC-Alberta's total interprovincial trade.
- The large size of Ontario's economy (which is about 40% of Canada's economy) means that it dominates interprovincial trade with these two economic regions. Ontario accounts for about 43% of Atlantic Canada's interprovincial trade and about 49% of BC-Alberta's interprovincial trade.

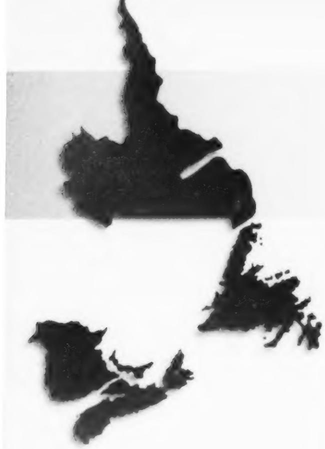
- Within both economic regions, trade in goods has been rising at a faster rate than in services.
- Within Atlantic Canada, the stronger performance by the goods sector is mainly due to increased flows of crude oil from Newfoundland. Petroleum products as a share of total goods trade within the region grew from 23% in 1997 to 37% in 2003.
- In BC-Alberta, petroleum products are also driving growth on the goods side. Crude and refined petroleum products accounted for 32% of goods trade between the two provinces in 2003, up from 23% in 1997.
- Within Atlantic Canada, growth in the trade in services has improved due to stronger wholesale margins throughout the region and professional services from New Brunswick to the other Atlantic provinces.
- Growth in services trade between BC and Alberta is led by an expanding professional services sector.

Interprovinical Trade in Goods Led by Energy Products
Interprovincial trade in goods and service within each region*
Current prices (Index, 1997=100)



*Excludes intraprovincial trade (within individual provinces)

Source: Statistics Canada/APEC



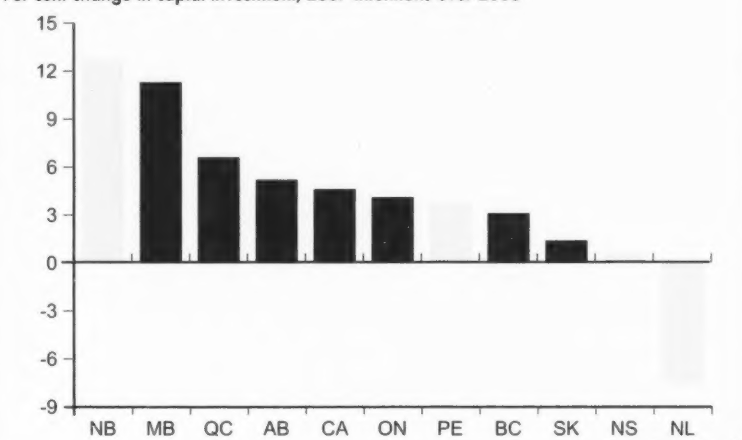
Atlantic Overview

Most economic indicators continue to point to sub-national growth in the Atlantic region combined with stronger performance in Western Canada. While consumer spending in the Atlantic provinces remains supportive, overall job growth is still weak (although the monthly employment numbers have been unusually volatile over the last year making it harder to identify changes in the underlying trend).

Until recent turbulence in equity markets, global economic trends had been unfolding in a relatively benign manner since the fall. The U.S. economy has been holding up with no signs thus far of any significant spillover from the housing market to consumer spending. Factors such as strong wage growth and lower energy prices have provided support. However, more recent data have pointed to weakness in the business sector.

Growth in Investment is Mixed in Atlantic Canada

Per cent change in capial investment, 2007 intentions over 2006



Source: Statistics Canada

The U.S. housing market is still under strain with high inventories of unsold homes. Atlantic exporters of lumber and wood products remain at risk following last year's 18% slump in revenues. U.S. housing starts in 2007 are forecast to be more than 10% below last year's levels, following a 12% decline in 2006. Meanwhile lumber prices are about 25% below levels recorded in the first two months of last year.

Global energy prices have eased slightly in recent months due to a relatively warm winter and slower growth in demand. Crude oil prices have averaged just below US$60/barrel since October compared with peaks of over $70 during the summer. This has provided some relief to Atlantic exporters with the Canadian exchange rate now trading in the 84-86 cent range, down from around 90 cents last summer. Yet competitive challenges mean ongoing corporate restructuring and consolidation, particularly within the region's manufacturing sector. By contrast, new company announcements and expansions in financial and business services should provide support for both service exports and service sector jobs over the next couple of years.

Investment is crucial to increasing productivity. Real business investment in machinery and equipment in Canada has been growing at about 10% annually over the last three years partly reflecting the cheaper price of imported machinery as the loonie has soared. In Atlantic Canada, real business investment grew 12% annually during 2004-05. Preliminary estimates indicate a fall in the value of private and public investment in machinery and equipment in Atlantic Canada in 2006, but investment intentions point to growth of 4.5% this year. Energy related major project activity is adding to overall investment in construction and machinery and equipment in New Brunswick this year, but a slower pace in this sector is weighing on overall investment growth in Nova Scotia and Newfoundland and Labrador.

Lower heating oil and gasoline prices have provided some relief to Atlantic and Canadian consumers and kept the headline consumer inflation rate in Canada well below the non-energy rate. Core inflation, at 2.1%, remains close to the Bank of Canada target. With strong job growth in Canada and the economy still operating close to capacity, the prospects of any near term easing in interest rates have diminished.

Assisted by strong tax revenues, the federal government is hinting that further tax reductions are in the offering in the March 19 budget. The government has already committed to significant tax relief including $1 billion for seniors, arising from the government's Tax Fairness Plan (which taxed income trusts but boosted the Age Credit and allows couples to split pension income for tax purposes), and at least $800 million in personal tax relief resulting from interest savings on retired federal debt. The government has committed to implementing a Working Income Tax Benefit for low-income Canadians in Budget 2007 while last year's election platform included a promise to provide a break on capital gains tax.

However, the scope for broad-based personal income tax cuts may be quite modest on a per capita basis. The government has also com-

mitted to resolving the fiscal imbalance (which includes a recently announced $1.5 billion trust fund for provincial environmental initiatives to be funded out of this year's surplus) and providing long term funding for post-secondary education and infrastructure. The new equalization formula and commitments to federal transfers will be carefully watched by provincial governments in the region. With Atlantic Canada's provincial budgets remaining under pressure, expect little in way of provincial personal or corporate tax reductions. Further restraint on the program side will likely be necessary to accommodate rising health care and pension costs and significant infrastructure needs. ■

ATLANTIC ECONOMIC SNAPSHOT

Labour Markets

	Period	NFLD	PEI	NS	NB	Atlantic	Canada
Employment	Jan-Dec 06	215.4	68.6	441.9	355.9	1,082	16,481
thousands	Jan-Dec 05	214.1	68.2	443.0	350.5	1,076	16,169
	%change	0.6	0.6	-0.3	1.5	0.5	1.9
Unemployment Rate	Jan-Dec 06	14.9	11.0	8.0	8.8	9.9	6.3
percent	Jan-Dec 05	15.2	10.9	8.4	9.7	10.4	6.8
Unemployment Rate	Dec 2006	13.8	12.4	7.3	8.5	9.4	6.1
percent (current month)	Dec 2005	15.4	11.1	8.5	9.6	10.5	6.5
Participation Rate	Jan-Dec 06	59.2	68.7	62.9	63.8	62.7	67.2
percent	Jan-Dec 05	58.8	68.6	63.6	63.6	62.8	67.2

Consumer Markets

	Period	NFLD	PEI	NS	NB	Atlantic	Canada
Consumer Price Index (CPI)	Jan-Dec 06	128.4	131.3	132.3	129.5	n/a	129.9
1992=100, unadjusted (period avg.)	Jan-Dec 05	12601	128.5	129.6	127.4	n/a	127.3
	%change	1.8	2.2	2.1	1.7	n/a	2.0
Residential Permits	Jan-Dec 06	341.9	130.4	891.6	512.1	1,876	41,387
$ millions	Jan-Dec 05	330.5	131.6	783.0	479.6	1,725	38,744
	%change	3.5	-1.0	13.9	6.8	8.8	6.8
Urban Housing Starts	Jan-Dec 06	1,494	523	3,328	2,873	8,218	195,030
Units; unadjusted	Jan-Dec 05	1,759	554	3,258	2,669	8,240	193,470
	%change	-15.1	-5.6	2.1	7.6	-0.3	0.8
Rural Housing Starts	Jan-Dec 06	740	215	1,568	1,212	3,735	32,365
Units; unadjusted	Jan-Dec 05	739	308	1,517	1,290	3,854	32,011
	%change	0.1	-30.2	3.4	-6.0	-3.1	1.1
Retail Trade	Jan-Dec 06	6,061	1,484	11,289	8,888	27,722	391,620
$ millions	Jan-Dec 05	5,891	1,428	10,619	8,412	26,350	368,612
	%change	2.9	3.9	6.3	5.7	5.2	6.2

Industrial Markets

	Period	NFLD	PEI	NS	NB	Atlantic	Canada
Total Non-Energy Exports	Jan-Dec 06	2,554	834	4,093	4,341	11,822	352,360
$ millions, unadjusted	Jan-Dec 05	2,543	805	4,382	4,288	12,019	348,147
	%change	0.4	3.6	-6.6	1.2	-1.6	1.2
Total Energy Exports	Jan-Dec 06	2,434	3	1,026	6,082	9,545	87,140
$ millions, unadjusted	Jan-Dec 05	2,063	5	1,433	6,435	9,936	88,079
	%change	18.0	-36.9	-28.4	-5.5	-3.9	-1.1
Manufacturing Shipments	Jan-Dec 06	2,120	1,347	9,351	14,773	27,590	587,442
$ millions	Jan-Dec 05	2,347	1,290	9,898	14,953	28,489	591,081
	%change	-9.7	4.4	-5.5	-1.2	-3.2	-0.6
Non-Residential Permits	Jan-Dec 06	222.0	80.6	428.7	439.9	1,171.1	25,437
$ millions	Jan-Dec 05	163.7	112.4	405.3	349.4	1,030.8	22,012
	%change	35.6	-28.3	5.8	25.9	13.6	15.6

Notes: Seasonally adjusted unless otherwise noted (unadjusted).

Source: Statistics Canada

Provincial Report

Newfoundland & Labrador

Current Conditions

Last year was another year of weak economic growth in Newfoundland and Labrador as limited job growth and subdued consumer spending were compounded by setbacks in the offshore and ongoing challenges in the manufacturing sector.

Marginal job growth of 0.7% in 2006 was only slightly better than the decline of 0.1% in 2005 but was sufficient to nudge down the annual average unemployment rate to below 15%. Net job creation last year was most evident in business services and information, cultural and recreation industries. Gains in these service sector jobs likely owes to activities in St. John's – the city's job growth exceeded 3%. Jobs losses were concentrated in Notre Dame-Central Bonavista.

...labour force growth and consumer demand is being tempered by continued poulation decline in the province.

While the labour force participation rate held steady in 2006, labour force growth and consumer demand is being tempered by continued population decline in the province. Net outmigration to other provinces increased from 3,500 in the 12 months to September 2005 to 4,600 in 2006 as more people flocked to Alberta. International immigration has been stagnant while the number of deaths exceeded the number of births for the first time in 2006.

Newfoundland and Labrador's retail sales growth was the weakest in Canada last year, up 2.9%. This pace was only slightly ahead of the 1.8% increase in consumer prices. Provincial housing construction is retreating, reflecting weak demographics and higher mortgage rates. New starts in urban areas were 15% lower in 2006 while the 4% gain in the value of residential building permits reflected rising building costs. On the non-residential side, permits relating to the St. John's harbour clean-up project boosted overall levels.

Manufacturing

Workers in the manufacturing industry encountered another difficult year in 2006 as plants shed over 1,000 jobs. The sector's employment level averaged almost 7% lower than the previous year and has downsized by 8% since peaking in 2004 mostly due to closures in fish and forestry. These closures are resulting in lower manufacturing shipments and export revenues in these industries. Food shipments were down by $103 million while newsprint exports receded by $78 million in 2006.

Some plants are revising operations to maintain viability. The former FPI Harbour Breton fish plant was re-opened by the Barry Group in late 2006 after investing more than $1 million in upgrades. The plant is processing red fish during the winter with a staff of 80 people, recouping some of the job losses in fish processing. Before its shutdown in April 2004, the plant employed 350-400 people. The Barry Group is considering further investments to develop the plant as an aquaculture processing operation.

With squeezed revenues a norm in the newsprint industry, mills are seeking to raise margins through cost-cutting and productivity gains. Abitibi Consolidated has given its Grand Fall-Windsor mill an agenda to reduce annual operating costs by $10 million. The measures may involve shutting down one of the mill's two papermaking machines and modernizing the other machine to improve productivity. However, Abitibi risks losing its provincial timber license if it shuts down a machine. The province and the company have worked together to improve the mill's margin by mitigating energy and wood supply cost pressures. The mill also receives revenues from selling hydro electricity to Newfoundland and Labrador Hydro at a rate higher than the industrial rate at which it purchases power.

Mining and Offshore

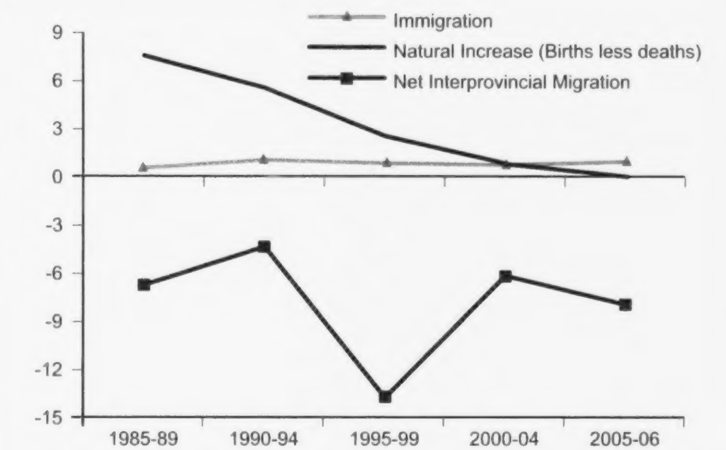
Copper's contribution to the provincial mining industry is on the rise - it is the third most valuable mineral behind iron ore and nickel. The estimated value of copper shipments in 2006 is $224 million, up from the $14 million in 2005. The start of mining at Voisey's Bay and a doubling of prices contributed to the jump in revenues. The start of production at Aur Resources, Duck Pond mine in early

2007 will further add to this total. Provincial shipments of iron ore and nickel are expected to surpass $1.3 billion and $910 million respectively in 2006.

Offshore output was down marginally last year due to a prolonged shut down at Terra Nova. Production from that field has resumed and reached full capacity of 100,000 barrels per day. The Hibernia field is undergoing its annual maintenance turnaround program in February instead of September to correct problems with the generator.

Two proposals to expand production capacity at current fields are being considered. The province reversed the CNLOPB's recent approval to amend Hibernia's development plan and are in discussions with Hibernia's partners to re-file the application. The province is seeking details about the commercial arrangements between the partners and other development options for Hibernia South. These options could have potential impact on tax revenues and royalties to the province as well as future natural gas development. Hibernia South's reserve is pegged at 223 million barrels, with first oil tentatively planned for 2008 and could extend Hibernia's production life to 2030 (from 2020). In 2005, the CNLOPB upwardly revised Hibernia's reserve estimates to 1.2 billion barrels.

Falling Natural Increase in Population Compounds Outmigration From Newfoundland & Labrador
Annual Average Number of People per 1,000 population



Source: Statistics Canada/APEC

Husky has also applied to the CNLOPB to amend its White Rose development plan to develop the South White Rose Extension Tie-back (SWRX). Oil would be extracted by a subsea tieback connecting the remote small pools of oil to the floating production platform. The reserve contains 20-25 million barrels of oil and could be in production by late 2009. ■

Newfoundland & Labrador EconoClips

Company/Project/Status	Impact/Output	Comments
EU relaxes shrimp quota **Announced**		The European Union is raising its import tonnage cap upon which Canadian cooked and peeled cold-water shrimps face a preferential 6% tariff. Despite the improvement, the increase in the tonnage cap from 7,000 tonnes to 10,000 tonnes is marginal: 7,000 tonnes is filled within a month. When imports of Canadian shrimp exceed 10,000 tonnes, a 20% tariff applies. In 2006, the province's landed shrimp revenue totaled $157 million, slightly below 2005's level.
Rig refurbishment facility in Stephenville **Proposed**		Houston-based Tekoil & Gas Corporation is partnering with St. John's junior oil and gas company, Ptarmigan Resources Ltd., to develop the oil rig refurbishment centre which could employ up to 70 welders and skilled tradespeople. The proposed centre is part of the companies, joint $41 million exploration program. The facility would be a boost to Stephenville.
Offshore company's acquisition		Scottish company, Professional Services Network (PSN), completed its acquisition of Kellogg, Brown & Root Production Services, a Halliburton subsidiary, in St. John's. The office, which employs about 300 people, will now become the Canadian division headquarters of PSN. The office provides engineering and construction services for Terra Nova and Hibernia and will also pursue contracts in Alberta.

Provincial Report

Prince Edward Island

Current Conditions

Prince Edward Island's economic performance in 2006 is best characterized as temperate with modest growth in industrial output and consumer spending but limited job gains. Employment growth retreated from 2% in 2005 to 0.6% last year.

Counter to other Atlantic provinces, job creation in the goods-producing sector was stronger than in services. The service sector incurred broad based losses, particularly in public services. The provincial government has been streamlining the education, health, social and public administration workforce to curb spending. These measures, combined with growth in personal income taxes, helped the provincial treasury post a slim surplus in fiscal 2005-06. Though the surplus comes in less than $1 million, it puts the province in better fiscal footing than the $22 million deficit originally forecasted.

Private sector job creation in services will likely improve this year. AIM Trimark is opening an office in Charlottetown to provide support services to the company's Toronto operation, creating 80 jobs initially and up to 300 within ten years. In May, Ceridian's payroll and human resources services office will open, hiring 40 employees this year and up to 100 within three years.

Retail spending grew moderately in 2006, expanding almost 4%, although half of the gain was due to higher prices. Households spent more on new cars, gasoline, pharmaceuticals, home furnishings and home centre items. Electricity spending is anticipated to rise this year. Maritime Electric plans to pass the higher cost of its new supply contract with NB Power onto customers. The previous contract, spanning 2003-2006, protected Islanders from the sharp rise in generation costs during this period.

Demand for housing is easing on Prince Edward Island. The level of housing starts contracted by 14% in 2006 due to fewer starts in Summerside and in rural areas. Starts rose marginally in Charlottetown. The city's housing market is shifting towards high-end condominiums and semi-detached units reflecting the preferences of empty-nesters and first-time buyers.

The level of housing starts contracted by 14% in 2006 due to fewer starts in Summerside and in rural areas.

On the non-residential side, the value of permits slid 28%. The decline reflects decreased commercial projects but understates the value of wind farm construction. These permits account for the value of turbines instead of the total investment in preparing the farm. The province's second wind farm is now in commercial production. The provincially-owned, $56 million, 30 MW East Point wind farm will generate 7.5% of the Island's electricity requirements.

Agri-food

Agriculture and food industries were the main force behind the growth in manufacturing shipments and exports of 4% and 3% respectively. Food manufacturers saw shipments grow 3%.

Potato producers fared better in 2006 than in the previous year, collecting 8% more in export revenue than in 2005. International receipts from lobster exports amounted to $118 million, up 3% and offsetting lower sales of other fish products. Also strong was export of ready-to-eat processed frozen food to the U.S. which increased by $22 million.

Tourism

Prince Edward Island's 2006 tourism season was generally subdued, barring a few exceptions. Visits to provincial and national parks as well as historic sites came in below 2005 levels and bridge and ferry traffic were weaker. The number of golf rounds played was up modestly and other bright spots included strong growth in air traffic and cruise visits. Passenger traffic at the Charlottetown Airport reached record levels in 2006, growing 12% and topping the previous high set in 1989 when the Island hosted a national Boy Scouts jamboree. The Charlottetown Airport is served by four airlines and is undergoing an expansion to attract and accommodate more international flights. Cruise ship visits to the Island were up 20% in 2006 and generated $2.6 million in spending according to provincial estimates.

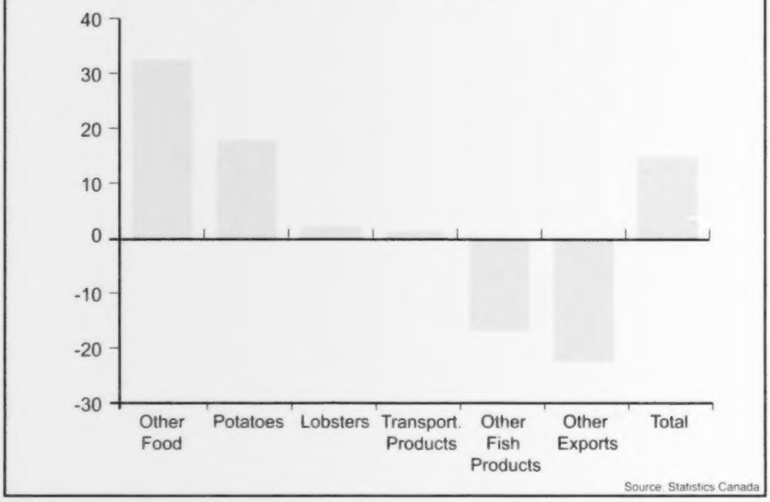
Health Sciences

The Island's health science industry received a boost with the announcements of several expansion plans.

Diagnostic Chemicals Limited (DCL) is currently undertaking a $1.5 million expansion of its manufacturing facility in Charlottetown. The project includes investments in machinery and equipment to automate processes and should conclude at the end of this year. DCL's subsidiary, BioVectra, landed a key contract to produce an experimental lung cancer treatment drug for Ontario-based Helix BioPharma Corp. Helix anticipates this contract will be a major step toward commercial production of the drug. BioVectra is one of the largest North American producers of a key compound found in the drug. Meanwhile global health company, Novartis, is relocating its aquaculture vaccine production centre from Montreal to Charlottetown. The construction of the $5-7 million Charlottetown centre is underway. The centre will employ about ten people and will work closely with the company's state-of-the-art aquaculture R&D facility that opened last summer in nearby Victoria.

Eastman Kodak is expanding its Health Group's operation in Summerside. Kodak is creating about 20 software engineering positions at the facility to meet rising international demand for its health care solutions and software products. The Summerside operation was established in 2000 and currently employs about 40 people developing and providing support services for the company's radiology information system.

Ready-to-Eat Frozen Food and Potato Exporters Lead PEI's Export Growth in 2006
Change in Export Revenue, Jan - Nov 06 over Jan - Nov 05



Activities in the health sciences sector have received support from research networks on the UPEI campus that include the NRC and the Atlantic Veterinary College, as well as provincial tax incentives. Last fall, the province introduced a tax incentive package for the bioscience industry that consists of full rebates on provincial corporate income taxes for up to 10 years.■

Prince Edward Island EconoClips

Company/Project/Status	Impact/Output	Comments
King's County Boat Building Facility **Planned**	100 jobs	Italian shipbuilding company, Opacmare, is planning to build a production facility in in Poole's Corner, near Montague. The Italian company, renowned for producing components for yachts, had originally planned to build the facility in Florida.
Onshore exploratory drilling **Announced**	Three exploratory wells	PetroWorth Resources Inc. signed a MOU with a Chinese company that could see three exploratory wells drilled in 2007. The Chinese company will invest $15 million in 2007 to cover all drilling costs and earn a 60% stake in production. Petroworth, along with Corridor Resources and Rally Energy, have delayed exploratory drilling for natural gas on PEI because Alberta's oil-and-gas activities have made it difficult to secure capital equipment.
Converting racino to casino **Proposed**		Atlantic Lottery Corporation (ALC) is preparing a business plan and an impact study of the conversion for the provincial government to consider. In its first year of operation the $25 million racino underperformed, resulting in a $2.5 million deficit and the trimming of its workforce from the initial 160 people.

Provincial Report
Nova Scotia

Current Conditions

A combination of weak industrial and export markets combined with strength in consumer and residential markets left Nova Scotia's overall employment situation flat in 2006. The 0.3% decline last year follows the marginal gain of 0.2% in 2005. By contrast, Canada has generated employment growth of 1.4% in 2005 and 1.9% in 2006. The unemployment rate in the province fell from 8.4% to 7.9% last year as the weak job market led to a withdrawal of marginal workers from the labour force. However, January's strong employment numbers, along with new job announcements, point to a better year in 2007.

The service sector gained 4,300 jobs last year led by hirings in business services which includes call centers. However, these new jobs were more than offset by the loss of 5,500 jobs in the goods sector. Forestry was the hardest hit with an estimated loss of 3,600 jobs, mainly in the logging and sawmill industries. The impact of a downturn in the wood products sector due to the contraction in U.S. housing starts was the main contributing factor.

The unemployment rate in the province fell from 8.4% to 7.9% last year as the weak job market led to a withdrawal of marginal workers.

Nevertheless, most consumer indicators in Nova Scotia showed resilience last year. Retail sales were up 6.3% in 2006 slightly ahead of the national rate. Housing starts were up about 2.5% due to strong growth in rental unit construction in Halifax. Starts were up strongly in New Glasgow and Kentville but down in Cape Breton. While Nova Scotia's starts exceeded the national increase the contrast with growth of over 12% in western Canada could not be more stark.

Export revenues were weaker in 2006 with a decline of nearly 12%. Natural gas exports pulled the total with a 10% decline in production and a 20% drop in prices last year. The shutdown of the Stora Enso mill in Port Hawkesbury also had a large negative impact, reducing exports by over $300 million last year. Excluding natural gas and paper products, Nova Scotia's exports were up just under 1%.

The Province is planning for a slightly smaller surplus this year, about $9 million lower at $65 million. Of that total, $57 million is legislated for debt reduction and $4 million for debt reduction contingency, leaving an unallocated surplus of $3 million. Expenses will be up nearly $12 million. While debt servicing costs fell by $45 million there were increased spending pressures due to a contract settlement with acute care workers ($21 million) and a pension adjustment ($36 million).

Financial Services

Four new international companies will provide a boost to the financial services sector in Halifax. Citgo Fund Services, a provider of administrative services to the hedge fund industry, announced that it is opening an office and training centre that will employ up to 350 people. The centre will be used to train employees throughout North America. Marsh, a risk and insurance services firm, is establishing a technical centre of excellence to provide financial administrative support. The operation will employ 150 people. Bermuda-based Olympia Capital is expanding its operations in Canada, bringing up to 150 new jobs to Halifax. The company will handle support and back office administration services though its subsidiary OC Financial Services Inc. Bermuda-based Butterfield Fund Services, plans to create 30 to 60 positions this year and hopes to hire up to 400 people over the next seven years.

Cape Breton

The final approval for the clean up of the Sydney Tar Ponds was given by the federal and provincial governments in February. The $400 million project will get underway in earnest this spring. The project will treat contaminated sediments with a process known as solidification and stabilization, which involves mixing the sediments with hardening agents. The sites will be capped within a containment system, and will eventually be developed for future use. The project is expected to employ 150 people this year.

Advanced Glazings Ltd, a window glass manufacturer based in Sydney, is doubling its plant facility and hiring 238 people over the

next five years. The company is expanding its market beyond commercial buildings to residential units and has new orders to supply a major condominium complex in New York City. The expansion will meet the growing sales of its key product, a special insulated glass pane that maximizes a window's ability to draw sunlight indoors.

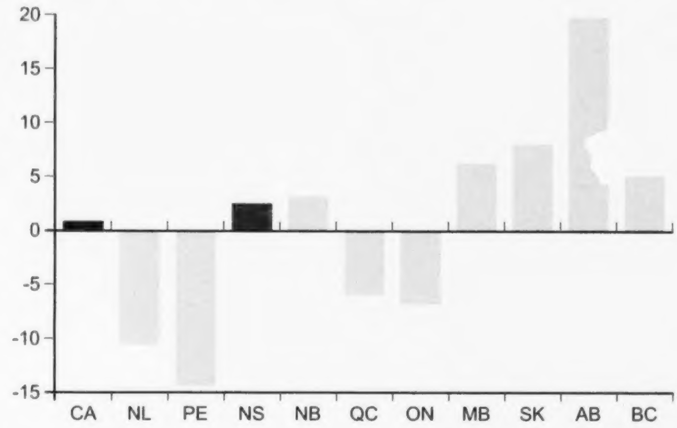
The opening of Keata Pharma Inc.'s $15-million pharmaceutical plant in Sydney has been delayed. The facility, which was scheduled to open late last year, is now expected to open in June. The delay is due to a redesign of the plant's mechanical component which will broaden manufacturing capacity. The plant will manufacture and test drugs for pharmaceutical companies and for retail chain stores including Shoppers Drug Mart, Lawtons and Wal-Mart. The Sydney plant will employ 100 people when it opens and is aiming to have a workforce of 165 by 2009.

Energy

The Province has enacted new renewable energy regulations that will increase the share of electricity generated by renewable sources to 20% by 2013. This would require about 400MW of electricity to be generated by renewables, enough to meet the needs of more than 100,000 households. The government also passed the Wholesale Market Rules regulation which allows Nova Scotia's six municipal utilities to purchase electricity directly from suppliers and allows the export of electricity to other jurisdictions.

Anardarko's planned $750 million Bear Head LNG facility has been mothballed and the company is writing off the $111 million it invested in the project. The company was not able to secure a supply contract, an issue that is hampering proposed LNG terminals throughout North America. ■

Housing Starts Up in Nova Scotia But Well Behind the West
Per cent change in housing starts, 2006 over 2005



Source: Statistics Canada

	Nova Scotia EconoClips	
Company/Project/Status	**Impact/Output**	**Comments**
Dalhousie University Research Funding **Announced**	$35 milion	The university is receiving $35 million for a global ocean research project, valued at $160 million and involving 17 countries. Funding will come from the Canadian Foundation for Innovation. The project will monitor fish and other marine life using underwater sensor grids around the globe. Two Nova Scotia companies, Amirix System Inc. and Vemco, are building the sensor devices.
Maple Leaf Foods Poultry Plant **Closing**	380 jobs	Maple Leaf's 50-year-old poultry processing plant in Canard is due to close in April. The company decided that the production capacity was insufficient to justify major investment in the facility. The plant primarily supplies the Atlantic Canadian market. Maple Leaf is also considering the future of its pork processing plant in Berwick with a possible consolidation of activities with its Manitoba facility. The Berwick plant employs 450 people.
xwave's Defense-Aerospace Business **Expanding**	250 jobs	The IT solutions company, which is a subsidiary of Bell Aliant, plans to hire 250 people over the next five years including 25 in 2007. The new employees will work on the replacement of the Canadian Forces, Sea King helicopters and other defense/aerospace contracts.

New Brunswick

Current Conditions

Domestic strength offset weakness in the provincial export and industrial sectors in 2006. New Brunswick's job creation engine churned the strongest in Atlantic Canada last year, with employment growth of 1.4%, averaging 4,900 more jobs than in 2005. This pace however fell short of the national rate. The finance, insurance and real estate industry and accommodation and food services were the biggest contributor to overall job growth, combining to create almost 6,000 jobs. The primary (forestry, fish and mining) and health and social services industries incurred the steepest job losses.

Supported by modest job growth, consumers spent at a good pace in 2006: retail sales expanded nearly 6%. Home centres and pharmacies collected higher receipts as did retailers of home furnishings, computer and electronics. However, consumers are pulling back on major purchases: new motor vehicles sales in 2006 were weaker than the previous year.

Last year, New Brunswick's inflation rate was 1.7%, slightly slower than the national rate of price increases. Although New Brunswickers paid more for utilities and gasoline in 2006 than the previous year, these increases were below the national trend. In October, with the election of the new Liberal government, the provincial tax on gasoline was reduced by 3.8 cents per litre which contributed to a 4.3 cents per litre drop in gas prices after factoring in the HST. However the government is eliminating the 8% tax rebate on electricity and home-heating fuel (i.e. the provincial portion of the HST) and is instead offering a one-off $100 rebate to low income families. The recent audit of the province's fiscal position indicates the province could be heading towards a deficit this year and in the next three years because of spending pressures.

New Brunswick's job creation engine churned the strongest in Atlantic Canada last year,...

A newly launched taskforce, the Self-Sufficiency Taskforce, is reviewing the province's economic circumstance, seeking input from provincial stakeholders and providing recommendations. The taskforce is releasing three reports outlining an agenda for province to undertake to achieve a fiscal position no longer requiring equalization transfers by 2026. The recent provincial Throne Speech reaffirmed the government's commitments of increasing economic development efforts, developing an energy plan and investing in education and skills training as well as senior care.

Exporters in general did not have a good year in 2006. Despite higher energy prices, revenues from energy exports were 6% below 2005 levels. This decline was most noticeable in the $400 million drop in export revenues of refined petroleum. Volumes were affected by the month-long $35 million maintenance turnaround in October at the Irving refinery. Irving Oil has applied for environmental assessment of its proposed $7 billion refinery. The environmental assessment process could span two years, during which time the company will seek a partner to share the investment and supply the crude. Total non-energy export revenues were up about 1%. Higher coated paper, pulp, fish and zinc exports were mostly offset by declines in lumber, lobster and potatoes.

Construction

New Brunswick's construction sector was a leading force in the provincial economy in 2006, generating over 2,400 jobs. The value of non-residential construction permits rose 26% above 2005's level. An $88 million increase in the value of institutional permits accounted for the majority of the gains including a new hospital near Woodstock and additional work at the Moncton Hospital. On the residential side, 2006 remained a relatively strong year with provincial housing starts expanding over 3%, a regional best. Urban housing construction underscored this strength with starts growing 8% in 2006, dominated by Saint John and Moncton. The demand for housing is shifting towards semi-detached, row houses and apartment units as rising mortgage costs and home prices erode the affordability of single starts.

Rural areas saw a contraction in new housing construction: starts fell 6%, the third consecutive year of decline.

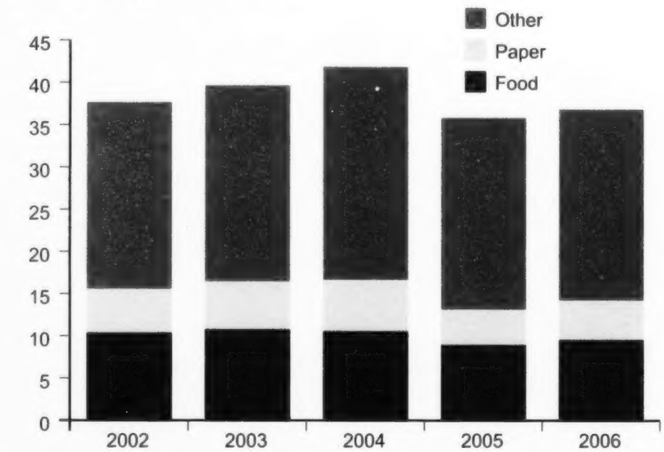
Manufacturing

The province's important manufacturing sector continues adjusting to new competitive realities. Paper and food manufacturers rebounded in 2006 with shipments growing 16% and 7% respectively over the first eleven months. However, total manufacturing shipments were marginally lower partly due to machinery (down 17%) and wood products (down 14%).

Several of the province's sawmills temporarily closed last year as the slowdown in the U.S. housing market weakened demand for lumber and particleboards. The forest products industry is pursuing new markets to sustain growth, including examining the potential for wood pellet manufacturing. Elsewhere, J.D. Irving Ltd. is constructing a wallboard plant at the site of the former Saint John Shipbuilding Ltd facility. The estimated $80 million plant is scheduled to open in November with a workforce of at least 85 employees and approximately 100 during the construction phase. The company estimates 70% of wallboard production will be exported to the U.S.

The wave of manufacturing job losses appears to have bottomed out: manufacturing employment rose 2.8% above 2005's level.

Food and Paper Producers Spur Modest Employment Recovery in New Brunswick's Manufacturing Sector
Manufacturing Employment (thousands)



Source: Statistics Canada

Nevertheless, the province's manufacturing workforce is still 12% or 5,000 positions smaller than in 2004. Plants have downsized to improve cost structures and productivity. McCain's is upgrading its Florenceville facility with a $70 million investment to build a new technically-advanced plant next to its current processing plant. This investment will combine two processing lines and reduce the workforce requirement by at least 10% from its usual level of about 260 employees.■

New Brunswick EconoClips

Company/Project/Status	Impact/Output	Comments
Call centre opens near Edmundston **Announced**		Colorado-based TeleTech opened the centre in February, hiring 130 employees initially and up to 300 by 2008. The Edmundston centre will provide customer support for a U.S. cable company. TeleTech's other Canadian call centres are located in Nova Scotia, Newfoundland and Ontario.
Indefinite closure of OSB mill **Announced**	80 employees	Weyerhaeuser's Miramichi mill has shut down indefinitely, with future plans to be announced in April. Production at the oriented strand board mill stopped in January mainly due to the slowing U.S. housing market: 80% of the mills sales are U.S.-based. In January, U.S. housing starts fell to their lowest level in 10 years.
Population Growth Secretariat **Established**		The objective of the newly-created secretariat will be to retain and repatriate New Brunswickers as well as recruit immigrants to the province. Business New Brunswick will oversee the secretariat. The number of new immigrants to the province has risen in the past three years but the net outflow of people to the provinces has accelerated. In 2006 (year to July), the net outflow of people reached 3,800 compared to about 2,074 people in 2005.

Announcement: New Member-Only Website

Dear APEC Member:

We are excited to announce the recent launch of APEC's Member-only website. This new site provides you with instant access to APEC's publications, research and archives, and will keep you better informed about developments in Atlantic Canada's economy.

Features of the Member-only website include:

- **Dynamic charts and tables illustrating current economic trends and performance in Atlantic Canada**
- **A searchable version of APEC's Major Projects Inventory**
- **Access to all APEC publications in electronic format**
- **Selected presentations by APEC staff**
- **Account management and online payment options**

To access APEC's Member-only website:

1. Visit www.apec-econ.ca
2. Click on the blue member login link (left side of any APEC web page).
3. Enter your email address as your username.
4. Enter your password. If you do not have your password or have forgotten it click on the "Forgot your password" link and enter your email address to get your password. If you still have trouble logging in please contact us at: info@apec-econ.ca

Note: You can change your password at any time after you login.

The website will become the vehicle through which many of our existing member-only publications are shifted to a new on-line format. Each time APEC releases a publication you will receive an e-mail with a link to the document online. During the coming year, APEC will also be making changes to the format and content of our member-only publications.

The new Member-only website, email notification and online access are all designed to strengthen the value and timeliness of the services you receive as a member of APEC.

If you have any questions about our new website or our publications, please e-mail us at: membership@apec-econ.ca. We look forward to hearing from you.

Thank you for your continued support of APEC.

Angie de la Ronde Cutt,
Coordinator, Membership and Development